

providing a judicial system for people within the exterior boundaries of the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony. The Department of the Interior is fulfilling its trust responsibility and complying with the unique government-to-government relationship that exists between the Federal Government and Indian tribes by assisting the Paiute-Shoshone Indian Tribe of the Fallon Reservation and Colony to support this justice system.

List of Subjects in 25 CFR Part 11

Courts, Indians—law, Law enforcement, Penalties.

■ For the reasons stated in the preamble, we are amending part 11, chapter I of title 25 of the Code of Federal Regulations, as follows:

PART 11—LAW AND ORDER ON INDIAN RESERVATIONS

■ 1. The authority citation for part 11 continues to read as follows:

Authority: 5 U.S.C. 301; R.S. 463; 25 U.S.C. 2; R.S. 465; 25 U.S.C. 9; 42 Stat. 208; 25 U.S.C. 13; 38 Stat. 586; 25 U.S.C. 200.

§ 11.100 [Amended]

■ 2. In § 11.100, remove paragraph (a)(15).

Dated: July 18, 2003.

Aurene M. Martin,

Acting Assistant Secretary—Indian Affairs.
[FR Doc. 03–19314 Filed 7–29–03; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 602

[TD 9084]

RIN 1545–AY27

Dual Consolidated Loss Recapture Events

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations under section 1503(d) regarding the events that require the recapture of dual consolidated losses. These regulations are issued to facilitate compliance by taxpayers with the dual consolidated loss provisions. The regulations generally provide that certain events will not trigger recapture of a dual consolidated loss or payment of the associated interest charge. The regulations provide for the filing of

certain agreements in such cases. This document also makes clarifying and conforming changes to the current regulations.

DATES: *Effective Dates:* These regulations are effective January 1, 2002.

FOR FURTHER INFORMATION CONTACT:

Kenneth D. Allison or Kathryn T. Holman, (202) 622–3860 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collection of information contained in these final regulations has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545–1583. Responses to this collection of information are required to obtain the benefit of avoiding entering into a closing agreement with the IRS.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

The estimated annual burden per recordkeeper varies from 1 to 3 hours, depending on individual circumstances, with an estimated average of 2 hours.

Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be sent to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, W:CAR:MP:T:T:SP, Washington, DC 20224, and to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503.

Books or records relating to a collection of information must be retained as long as their contents might become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Background

Final regulations implementing section 1503(d) were adopted by TD 8434 (1992–C.B. 240), on September 9, 1992, and published in the **Federal Register** at 57 FR 41079 (REG–106879–00). On August 1, 2002, proposed regulations amending the final regulations, to reduce administrative burdens in certain cases, were published in the **Federal Register** at 67 FR 49892. Three written comments were received. No public hearing was requested or held. After consideration of

the comments, these final regulations are adopted by this Treasury decision. The changes and clarifications made in the final regulations in response to the comments received are discussed below.

Explanation of Provisions and Summary of Comments

Section 1503(d) generally provides that a “dual consolidated loss” of a domestic corporation cannot offset the taxable income of any other member of the corporation’s consolidated group. The statute, however, authorizes the issuance of regulations permitting the use of a dual consolidated loss to offset the income of a domestic affiliate if the loss does not offset the income of a foreign corporation under foreign law.

Section 1.1503–2(g)(2)(i) currently permits a taxpayer to elect to use a dual consolidated loss of a dual resident corporation or separate unit to offset the income of a domestic affiliate by filing an agreement ((g)(2)(i) agreement) under which the taxpayer certifies that the dual consolidated loss has not been, and will not be, used to offset the income of another person under the laws of a foreign country. Section 1.1503–2(g)(2)(iii) provides that, in the year of a “triggering event,” the taxpayer must recapture and report as gross income the amount of a dual consolidated loss that is subject to the (g)(2)(i) agreement and must pay the interest charge required by paragraph (g)(2)(vii). Section 1.1503–2(g)(2)(iv)(B), however, provides that specified acquisitions are not considered to be triggering events if certain conditions are satisfied. In particular, the parties to the acquisition must enter into a closing agreement with the IRS under section 7121, and the acquiring corporation or consolidated group must file a new (g)(2)(i) agreement with

The proposed regulations provided that a triggering event generally does not occur in two types of acquisitions, without any requirement to enter into a closing agreement or file a new (g)(2)(i) agreement: (1) When an unaffiliated dual resident corporation or unaffiliated domestic owner that filed a (g)(2)(i) agreement becomes a member of a consolidated group; and (2) when a dual resident corporation, or domestic owner, that is a member of a consolidated group that filed a (g)(2)(i) agreement (the acquired group) becomes a member of another consolidated group (the acquiring group) in an acquisition, so long as each member of the acquired group that is an includible corporation under section 1504(b) is included immediately after the acquisition in a consolidated U.S. income tax return filed by the acquiring group. Instead, in